BOARD OF GOVERNORS, URANIUM CITY HOSPITAL

FINANCIAL STATEMENTS

For the Year Ended March 31, 2003

Provincial Auditor Saskatchewan

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104-02308/

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Board of Governors, Uranium City Hospital as at March 31, 2003 and the statements of operations and changes in fund balances, and cash flows for the year then ended. The Hospital's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board of Governors, Uranium City Hospital as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
August 10, 2003

Fred Wendel, CMA, CA
Provincial Auditor

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
STATEMENT OF FINANCIAL POSITION
As at March 31

	Operating Fund	Capital Fund	Total 2003	Total 2002 (Restated – Note 11)
ASSETS				
Current Assets				
Cash	$ 565,548	$ 3,012	$ 568,560	$ 430,961
Accounts Receivable	42,429	-	42,429	84,545
Inventory (Note 2(b) and 3)	41,785	-	41,785	55,195
Prepaid Expenses	6,928	-	6,928	33,525
	656,690	3,012	659,702	604,226
Capital Assets (Note 2(c) and 4)	-	38,317	38,317	50,560
Total Assets	$ 656,690	$ 41,329	$ 698,019	$ 654,786
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 108,668	$ -	$ 108,668	$ 81,655
Accrued Salaries and Vacation Pay	117,472	-	117,472	59,586
	226,140	-	226,140	141,241
FUND BALANCES				
Investment in Capital Assets	-	38,317	38,317	50,560
Externally Restricted (Note 2 (a)(ii))	-	3,012	3,012	3,012
Unrestricted	430,550	-	430,550	459,973
Fund Balances: Statement 2	430,550	41,329	471,897	513,545
Total Liabilities and Fund Balance	$ 656,690	$ 41,329	$ 698,019	$ 654,786

(See accompanying notes to the financial statements)

Statement 2

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the Year Ended March 31

	2003				2002
	Budget (Note 8)	Operating Fund	Capital Fund	Total	Total (Restated – Note 11)
Revenues:					
Saskatchewan Health - General Revenue Fund	$ 1,696,120	$1,625,320	$ -	$ 1,625,320	$ 1,664,280
Income and recoveries	44,008	49,446	-	49,446	49,481
Interest income	12,000	17,800	-	17,800	19,858
Ancillary operations	19,200	25,100	-	25,100	23,445
	1,771,328	1,717,666	-	1,717,666	1,757,064
Expenses:					
Administration	322,700	298,634	12,243	310,877	315,558
Housekeeping and laundry	70,750	77,933	-	77,933	62,243
Maintenance	266,822	246,056	-	246,056	255,275
Dietary	123,000	162,833	-	162,833	118,104
Acute care	636,900	698,919	-	698,919	581,597
Laboratory and x-ray	146,300	186,016	-	186,016	146,250
Ancillary operations	74,664	76,698	-	76,698	80,695
Total (Schedule 1)	1,641,136	1,747,089	12,243	1,759,332	1,559,722
Excess (deficiency) of revenues over expenses	$ 130,192	(29,423)	(12,243)	(41,666)	197,342
Fund balances, beginning of year		459,973	53,572	513,545	316,203
Fund balances, end of year		$ 430,550	$ 41,329	$ 471,879	$ 513,545

(See accompanying notes to the financial statements)

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	Operating Activities		Financing and Investing Activities	
	Operating Fund		Capital Fund	
	2003	2002 (Restated – Note 11)	2003	2002
Cash provided by (used in):				
Excess (deficiency) of revenue over expenses	$ (29,423)	$ 209,585	$ (12,243)	$ (12,243)
Non-cash expense - amortization of capital assets	-	-	12,243	12,243
Net change in non-cash working capital (Note 10)	167,022	(32,094)	-	20,000
	137,599	177,491	-	20,000
Purchase of capital assets	-	-	-	(16,988)
Payment of Advance	-	(85,000)	-	-
Net increase in cash	137,599	92,491	-	3,012
Cash, beginning of year	427,949	335,458	3,012	-
Cash, end of year	$ 565,548	$ 427,949	$ 3,012	$ 3,012

(See accompanying notes to the financial statements)

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Authority

The Board of Governors, Uranium City Hospital was established June 5, 1995 by Order in Council #508/95 under *The Public Health Act* to operate the Uranium City Hospital.

The Minster of Municipal Government held the net assets and operated the Hospital on behalf of the Northern Settlement of Uranium City prior to establishment of the Board. By Order dated April 25, 1996, under Section 120 (1) of *The Northern Municipalities Act*, the Minister transferred the net assets to the Board effective June 5, 1995 for no monetary consideration.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are summarized as follows:

a) Fund Accounting

The accounts of the Board are maintained in accordance with the principles of restricted fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i Operating fund

The operating fund reflects the primary operations of the Board including revenues received for provision of health services from Saskatchewan Health - General Revenue Fund, and billings to patients, clients, and other agencies for patient and client services. Other revenue consists of recoveries and ancillary operations. Expenses are for the delivery of health services.

ii Capital fund

The capital fund reflects the equity of the Board in capital assets. The capital fund includes revenues received from Saskatchewan Health - General Revenue Fund designated for the acquisition of capital assets. Expenses consist of amortization of capital assets.

b) Inventories

Inventory consists of medical and surgical, pharmacy, fuel oil and other supplies.

Inventories are valued at the lower of cost and net realizable value, with cost determined by the first-in first-out (FIFO) method.

c) Capital Assets

Capital assets are recorded at cost. Cost is amortized over the useful life of the assets.

Amortization has been taken on the straight-line basis at the rate of 10% - 20% on equipment. The building was amortized on a straight-line basis over its useful life.

d) Revenue

Contributions, including operating and capital funding from Saskatchewan Health - General Revenue Fund, are included as revenue in the appropriate fund in the year in which they are received or receivable.

e) Pensions

The Board expenses all contributions it is required to make to the multi-employer defined benefit pension plan in the year.

f) Measurement Uncertainty

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. In the preparation of financial statements, management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, revenues and expenses, and in the disclosure of commitments and contingencies. Changes in estimates and assumptions will occur based on the passage of time and the occurrence of certain future events. The changes will be reported in the period in which they become known.

3. Inventories

	2003	2002 (Restated – Note 11)
Pharmacy	$ 9,279	$ 16,409
Fuel Oil	18,958	21,309
General Supplies	3,962	4,373
Medical and Surgical Supplies	9,586	13,104
	$ 41,785	$ 55,195

4. Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	$ 4,295	$ -	$ 4,295	$ 4,295
Building	1,444,979	1,444,979	-	-
Equipment	497,375	463,353	34,022	46,265
	$ 1,946,649	$ 1,908,332	$ 38,317	$ 50,560

5. Related Party Transactions

Included in these financial statements are transactions with related parties. These related parties include various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan and non-crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan.

The Board purchased heating fuel and oil from Uranium City Bulk Fuel, the owner of which is the chairperson of the Board.

The Board purchased office services from the accounting firm of Stewart Gee and Associates, one of whose partners is the chief financial officer of the hospital.

Routine operating transactions with related parties are settled at standard rates charged by the organizations under normal trade terms. These transactions and amounts outstanding at year end are included in the financial statements and the table below:

	2003	2002
Related Parties, Accounts receivable	$ 400	$ -
Related Parties, Accounts payable and accrued liabilities		
Uranium City Bulk Fuel	25,779	21,395
Others	11,474	10,465
Related Parties, Expenses		
Uranium City Bulk Fuel	147,210	148,114
SAHO	54,826	48,409
Stewart Gee and Associates	45,019	44,162
Sask Power	19,497	11,983
Sask Tel	17,837	21,686
Others	13,364	15,600

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

6. Pensions

Employees of the Board participate in the retirement plan of the Saskatchewan Association of Health Organizations (a related party) which is a multi-employer defined benefit pension plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $13,811 (2002 - $12,579).

7. Acute Care

Acute care expenses include nursing and support services. However, it does not include salaries paid to doctors. Doctors are paid by Northern Medical Services and the expense of which is not reflected in these financial statements.

8. Budget

The operating budget was approved by the Board.

9. Financial Instruments

1) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

2) Credit risk

The Board is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Boards' receivable are with many customers, therefore credit risk is minimal.

3) Fair value

The carrying amount of these financial instruments approximates fair value due to their immediate or short-term nature.

cash
accounts receivable
accounts payable
accrued salaries and vacation pay

10. Net Change in Non-Cash Working Capital

	Operating Fund		Capital Fund	
	2003	2002 (Restated – Note 11)	2003	2002
Decrease (increase) in accounts receivable	$ 42,116	$ (26,125)	$ -	$ 20,000
Decrease in inventories	13,410	18,344	-	-
Decrease (increase) in prepaid expenses	26,597	(13,894)	-	-
Increase (decrease) in accounts payable	27,013	(1,861)	-	-
Increase (decrease) in accrued salaries and vacation payable	57,886	(8,558)	-	-
	$ 167,022	$ (32,094)	$ -	$ 20,000

11. Restatement of Prior Period

The 2002 operating results have been restated to adjust for an inventory costing error in that period. The net effect of the adjustment is a decrease in inventory of medical and surgical supplies and an increase in acute care expenses (or cost of medical and surgical supplies – Schedule 1) in the amount of $16,812.

12. Hospital Closure

On June 2, 2003 the Uranium City Hospital was closed. Costs associated with the closure include staff termination payments for severance and moving allowances. These costs are estimated at $141,393 and are included in the costs of the various departments (or salaries and other benefits and staff education and travel costs – Schedule 1). $48,692 of these termination benefits were paid out prior to the year end. The remaining $92,701 was paid out after the closure of the hospital. No amount is included in the financial statements for costs associated with decommissioning the hospital building. Also, no amounts are included in the budget due to the uncertainty surrounding the date of closure.

An Order in Council has not yet been issued to dissolve the Board of Governors, Uranium City Hospital and to determine the disposition of the remaining assets and liabilities.

Schedule 1

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
SCHEDULE OF EXPENSES BY OBJECT
For the year ended March 31, 2003

	2003	2002 (Restated – Note 11)
Operating Expenses:		
Salaries and other benefits	$ 1,072,606	$ 880,584
Medical, surgical, drugs and other patient supplies	70,174	88,157
Utilities	135,187	131,272
Repairs and maintenance	12,727	31,762
Dietetic/ food supplies	22,364	24,639
Staff education and travel	188,494	132,549
Other		
- Board expenses	11,326	14,042
- Administrative	156,746	161,586
- Laundry and linen	-	202
- Housekeeping	1,577	1,991
- Ancillary operations	75,888	80,695
Total Operating Expenses	1,747,089	1,547,479
Capital Expenses:		
Amortization	12,243	12,243
Total Capital Expenses	12,243	12,243
Total Expenses	$ 1,759,332	$ 1,559,722